

Promotion of Sustainable Employment



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The ISSA Guidelines have been developed by the ISSA technical commissions and staff of the ISSA General Secretariat, based on a broad consultation with experts, international organizations and the worldwide ISSA membership.

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First published in 2017.

ISBN 978-92-843-5225-8

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Introduction

Work is critical to all dimensions of life, for citizens and for society; it is a key factor for economic productivity and wealth creation and contributes to social harmony and stability. It is often said that a decent job is the best form of social security, but how to ensure that anyone can access a decent job?

Labour markets worldwide face challenges of an unprecedented scale, stubbornly high levels of unemployment and underemployment, job fragmentation, persistent high rates of employment in the informal economy, later entry and later exit from the labour market, migration, population ageing, and the need for skilled workers. All these challenges are occurring against a backdrop of global “digitalization”, which accelerates the pace of change as it changes the very nature of work.

While a single career path used to be the norm, careers are now characterized by often frequent job changes, even across different professions, and back and forth from the formal to the informal economy. To keep pace with this evolution, public and private employers increasingly focus on education and continuous training as the essential foundation on which to build the sustainable employability of the workforce.

In this regard, employment agencies and social security institutions are adjusting their business and administration processes to adapt quickly to new conditions and to be not only reactive but also proactive.

Objectives of the *ISSA Guidelines on the Promotion of Sustainable Employment*

Member organizations of the International Social Security Association (ISSA) that are involved in the management of employment insurance and assistance schemes, either directly or indirectly, comprise a broad and diverse group of social security institutions. In addition to evolving economic, demographic and labour market changes, new and significant challenges are being imposed on many of these organizations. These have, on an institutional basis, led many to develop specific approaches to better address the needs of the unemployed by facilitating their integration in the labour market, incentivizing higher labour participation rates, continuously improving workers’ employability and meeting demands for benefits.

These ISSA Guidelines aim at assisting ISSA member institutions in making informed strategic choices in the design and delivery of programmes and services intended to help people access employment and remain employed, to improve their employability through ongoing access to lifelong learning and to facilitate the return to work. The concrete implementation of these guidelines is illustrated by examples of good practices from ISSA member institutions.

Some of the guidelines deal with administrative functions and can therefore be readily implemented by the institution. Others may require legislative or regulatory changes that are beyond the mandate of the institution. Given its expertise and experience, the management can help increase awareness among policy-makers and promote the advantages of innovative policy measures. The administration can make specific policy proposals based on lessons learnt from successful practices in other countries. In that respect, the guidelines provide a unique window into practices from around the world.

These Guidelines supplement the *ISSA Guidelines on Return to Work and Reintegration* for workers with work-related illnesses or injuries resulting in partial loss of their work capacity.

They should be read in conjunction with other related ISSA Guidelines, particularly on good governance, service quality and information and communication technology, which are of value to all social security institutions.

The fundamental principle underlying the *ISSA Guidelines on the Promotion of Sustainable Employment* is to give the best possible support to the unemployed and jobseekers in order to ensure their rapid and lasting return or entry to employment, which ultimately avoids unnecessary dependency on social security benefits. These Guidelines also have a preventive dimension, which aims at anticipating the causes of unemployment and finding appropriate responses to keep at-risk workers economically active.

Therefore, access to employment and worker retention, the return to work and sustainable employability are the objectives of a set of mechanisms and processes designed to facilitate the occupational integration of young jobseekers and the professional reintegration of individuals who have lost their jobs or have been outside the labour market for a prolonged period. These mechanisms also facilitate job retention for those who are at risk of losing their jobs (excluding the risks of illness or injury) and help minimize the further loss of employment by improving lifelong employability.

Reaching these objectives requires an integrated approach to the design of interventions, involving different actors to ensure the adequate planning and coordination of actions.

Definition of the concepts of the Promotion of Sustainable Employment

These guidelines focus on individuals who have lost or are in danger of losing their jobs as a result of economic factors, the evolution of technological processes, the relocation of production units or any other cause except illness or injury. The latter is covered in the *ISSA Guidelines on Return to Work and Reintegration*. These guidelines are also directed at young jobseekers who do not find work immediately after the completion of their studies. Special attention is given to the more marginalized and vulnerable populations, such as the long-term unemployed, low-skilled workers, the disabled, migrants and foreign workers.

In view of the range of institutions involved, the term “competent institutions” is used in the following guidelines to designate the institutions that have one or several public service roles in the provision of benefits, employment or training. When both the board and the management are involved, the term “institution” is used.

Framework of the *ISSA Guidelines on the Promotion of Sustainable Employment*

As has been clearly defined by a study by Belgium’s *Bureau fédéral du Plan (le coût budgétaire d’un chômeur de 1987 à 2002, Brussels, 2004)* unemployment leads to human, social and economic costs, which can be broken down into three major categories:

- *The macroeconomic costs* associated, in the short term, with a decline in the level of production and income loss (consumption, investment, revenues, etc.) as a result of unemployment and, in the medium term, from the subsequent loss of human capital (deskilling). On an individual basis, these macroeconomic costs are synonymous with a loss of professional income, which may affect the entire career profile and which involves a reduction in disposable income, both immediately and in the future (including pension income) and, therefore, a decline in living standards.
- *The psychosocial or human costs* that arise as a result of the deterioration of a person’s professional and social status and the material conditions of existence. On an individual level,

there may be damage to mental integrity (anxiety and low self-esteem, possibly leading to the breakdown of family and social relations) or physical well-being (deterioration in health status). The loss of self-confidence not only leads to difficulties for the return to work but reduces societal participation, feeding a vicious circle of exclusion. At a societal level, there may be an increase in divisions between social groups and a higher risk of delinquency.

- *Public finance costs*, which can be direct (an increase in social spending) or indirect (such as lost revenues: employers' and employees' social contributions; income tax; consumption taxes).

Social security institutions play an essential role in reducing these costs and in unleashing the full human, social and economic potential available through the development of appropriate strategies that support an efficient labour market in all its aspects, and by taking action on two main aspects.

The first is to prevent unemployment by supporting efforts to limit the number of newcomers to the unemployment compensation system while ensuring that it remains accessible for those in genuine need. This requires the close cooperation of social security, employment and training organizations, and employers and public authorities. The appropriate analysis and identification of labour market participants facing potential unemployment should ensure that resources are allocated in a manner that best supports the goal of sustainable employability.

The second is to support efforts to shorten the period of unemployment. This is done through different programmes and mechanisms, skills development and reinsertion techniques, in partnership with different actors. It is complemented by a second level of preventive measures to avoid recurring or long-term periods of unemployment: upgrading skills to match labour market demand and reducing barriers to labour participation – childcare is an example – to better safeguard employability. These strategies, while clearly similar in terms of economic, social and societal objectives, require a substantially differentiated individual, organizational and systems approach.

The *ISSA Guidelines on the Promotion of Sustainable Employment* aspire to influence a paradigm shift in the design of unemployment insurance schemes. They seek to break away from the notion of passive unemployment insurance schemes, limited to providing a source of replacement income, in favour of active schemes, the main objectives of which are to reduce unemployment and reintegrate recipients of unemployment benefits who are fully or partially capable of working. This approach aims to take full advantage of the greater availability of accurate labour market information and also to make more use of online-related services.

Structure of the *ISSA Guidelines on the Promotion of Sustainable Employment*

The following guidelines are organized in six parts:

Part A, Basic Principles, incorporates six guidelines and provides guidance on the identification of stakeholders, the legal basis of the programme for return to work after unemployment, and the need to refer to international good practice. It also deals with the evaluation of policies, programmes and services and the good governance of institutions.

Part B, Prevention, incorporates nine guidelines that deal with good practice in preventive measures to avoid unemployment.

Part C, Information, incorporates two guidelines that deal with information, simplification of procedures and the accountability of stakeholders.

Part D, Support, incorporates five guidelines and deals with producing profiles, orientation and support of the unemployed as well as working with and providing services to employers.

Part E, Benefits, incorporates three guidelines and deals with adequacy of benefits, benefit delivery and incentives for reintegration.

Part F, Labour Market and Employment Policies, incorporates five guidelines dealing with stimulating labour demand, promoting and supporting formal employment and developing labour supply.

Within each part, the guidelines are presented as follows:

Guideline. The guideline is defined and stated as clearly as possible.

Structure. Suggested structures to facilitate entry into employment, worker retention, return to work after unemployment and sustainable employability. These are a prerequisite for the understanding and implementation of the corresponding guideline.

Mechanism. A guideline may be implemented in different ways. The mechanisms proposed for the application of each guideline on the promotion of sustainable employment are a synthesis of best practices observed in these areas.

A. Basic Principles

It is essential that social security institutions engaged in the design, delivery, promotion, advocacy and support of effective employment programmes include a broad range of institutional and individual stakeholders in the process. While they are often constrained through their respective legislative frameworks, this should not prevent them from seeking to improve access to employment and to obtain better retention or return-to-work outcomes by learning from a broad range of national and international experiences. Many social security institutions are succeeding in strategically influencing outcomes by influencing legislative structures within their jurisdictions.

This section deals with stakeholders, the legal and policy framework, and international professional standards and good practices in the domain of access to employment, worker retention, return to work after unemployment and sustainable employability.

In cooperation with various stakeholders, the competent institutions – which are managed in accordance with the *ISSA Guidelines on Good Governance* – assess the policies, programmes and services provided.

Guideline 1. The stakeholders

A broad range of institutional and individual stakeholders help promote and support effective social security and return-to-work programmes and improve employability.

Guideline 2. Legal and policy framework

The institution has the legal mandate and policy framework to engage in prevention and return-to-work activities. Where legislation does not support effective return-to-work and sustainable employability outcomes, statutory changes are advocated that will mandate the institution to do so.

Guideline 3. Learning from international best practices

The institution learns from a broad range of international and national experiences.

Guideline 4. Cooperation and partnerships

The institution works in partnership with other institutions active in the employment, education and training sectors.

Guideline 5. Assessing policies, programmes and services

The impacts and effectiveness of the policies, programmes and services for the return to work and improving sustainable employment are evaluated.

Guideline 6. Encouraging accountability of stakeholders

All stakeholders are aware of and assume their responsibilities in regard to the scheme.

B. Prevention

Prevention approaches and services vary around the world, reflecting different levels of socio-economic development, policies and legal frameworks.

As social security institutions are responsible for the provision of unemployment benefits, they have a strategic interest in contributing to employment and efficient labour markets. However, all too often, their main focus remains on providing compensation reactively rather than on actively engaging in preventing the need for compensation in the first place.

A key asset of social security institutions and public employment services is the detailed data they hold on the unemployed, and this can play an important role in the preparation of either general or targeted active measures at the sectoral or regional level. They can point to trends in areas of growing demand that can inform the availability of training to increase the supply of labour. Conversely, they can provide an early warning of areas in decline, which will require attention.

By including all relevant stakeholders, such as the social partners, educational and training partners, government authorities and labour experts, social security institutions can foster a proactive culture and the development of measures that will actively seek to improve outcomes for the individual and the enterprise, reduce dependency and contribute to economic growth at the national level.

These guidelines will result in the competent institutions taking preventive measures to avoid unemployment to reduce the need for financial benefits and reintegration services in the long term.

Guideline 7. Supporting the transition of young workers from training and skills development to formal employment

Transition from training and skills development and integration in the workplace is facilitated.

Guideline 8. Facilitating insertion of first-time jobseekers

Adequate resources are made available to ensure that first-time jobseekers integrate into the job market rapidly.

Guideline 9. Promoting employment retention for older workers

The continued labour participation of older workers is supported.

Guideline 10. Anticipating labour market requirements

Labour market supply and demand data is published and monitored to anticipate needs and send the appropriate signals to participants early.

Guideline 11. Supporting continuous training for workers

Continuous training and appropriate guidance are available for workers throughout their careers.

Guideline 12. Identifying and supporting at-risk workers

Workers at risk of losing their jobs should be identified and provided with adequate support in order to avoid or reduce these risks.

Guideline 13. Promoting equal opportunities to balance private and working life

Workers are able to remain in employment when faced with certain private or family constraints, and equal opportunities are available to workers to enable them to share family responsibilities.

Guideline 14. Developing short-term, flexible working arrangements to avoid lay-offs

Flexible short-term working arrangements and programming are facilitated through partial unemployment schemes in order to avoid or minimize lay-offs owing to temporary fluctuations in demand.

Guideline 15. Anticipating the need for support when lay-off is announced

A worker's need for support is identified as soon as possible after an individual or mass lay-off is announced and before the worker becomes unemployed.

C. Information

The competent institutions inform workers of their rights and obligations in the event of unemployment and simplify procedures that facilitate access to programmes and services. All stakeholders should fulfil their responsibilities in full.

Guideline 16. Informing the employers and the insured of their rights and obligations

The competent institutions clearly and proactively inform jobseekers and workers of their rights and obligations.

Guideline 17. Simplifying procedures

The institution facilitates access to benefits and services by simplifying administrative formalities, better coordinating with other institutions and developing a clear multi-channel strategy.

D. Support

The competent institutions profile, inform, advise and guide jobseekers in their search for employment. They collaborate with employers and provide them with quality service to achieve this.

Guideline 18. Establishing the profiles of jobseekers and unemployed persons

To facilitate the professional reintegration of unemployed persons, the institution develops a profile of jobseekers' qualifications and both hard and soft skills, to determine their needs and to guide them towards the services and programmes best adapted to their situation.

Guideline 19. Adapted measures for vulnerable groups of jobseekers and unemployed

The competent institutions develop specific approaches to increase labour participation by vulnerable populations.

Guideline 20. Roles and skills of job counsellors/case managers

The competent institutions support the professionalization of the function of job counsellors and case managers in line with the needs of the various clientele.

Guideline 21. Informing, guiding and supporting jobseekers and unemployed persons

The competent institutions inform and advise jobseekers about the services that are best adapted to their profile, career ambitions and needs.

Guideline 22. Working with employers and providing them with quality services

To ensure the rapid return to work, the competent institutions ensure effective cooperation with, and offer quality services to, employers.

E. Benefits

The competent institutions ensure that jobseekers receive a replacement income. This provides security during transition between jobs and facilitates reintegration into the workforce. At a macro level, financial support acts as a counter-cyclical instrument in maintaining stability and demand during economic downturn.

Guideline 23. Ensuring the adequacy of benefit

The competent institutions ensure that benefits are adequate and provide an appropriate income to jobseekers, permitting active job-searches while avoiding unemployment traps (i.e. lack of financial gain in the case of the return to work).

Guideline 24. Granting benefits on time and accurately

The benefits are delivered on time and accurately.

Guideline 25. Respect entitlement conditions with the aim of stimulating reintegration

The competent institutions encourage the reintegration of jobseekers through the correct use of both the incentive and disincentive provisions of unemployment benefit programmes.

F. Labour Market and Employment Policies

The competent institutions play a key role in the functioning of an efficient labour market and in achieving optimal labour participation and maximizing the socio-economic potential of the labour force. The competent institutions take initiatives that have a positive effect on labour demand and supply. To do so, they promote policies and approaches that reduce barriers, allowing the signals sent by the labour market to be integrated into the decision-making of all stakeholders. They should encourage programmes and incentives that provide security to workers, while also permitting enterprises the flexibility required to adjust to a changing environment.

Guideline 26. Encouraging labour demand

The authorities and competent institutions are responsible for setting up a framework that promotes the creation and development of stable and quality employment.

Guideline 27. Promoting and supporting formal employment

Competent institutions promote the disclosure of work in order to reduce informality, avoid unfair competition and ensure that workers are covered by social security.

Guideline 28. Developing the labour supply

The competent institutions are responsible for developing and supporting labour supply to facilitate reintegration into the labour market and to achieve the sustainable employability of the workforce in the long term.

Guideline 29. Promoting flexibility and security

The institution recommends and adopts innovative approaches to balance the need for adequate income security for the individual and the ability of the employer to adapt to a changing business environment.

Guideline 30. Foreign credentials recognition

The competent institutions support the mutual recognition of professional accreditations to facilitate the mobility of the labour force across countries.

Acknowledgements

The ISSA Guidelines for Social Security Administration were prepared by the ISSA General Secretariat with the ISSA technical commissions.

The *ISSA Guidelines on the Promotion of Sustainable Employment* were produced as a result of the close collaboration of the ISSA General Secretariat and the Technical Commission on Employment Policies and Unemployment Insurance.

These Guidelines were prepared by Georges Carlens, Chair of the Technical Commission on Employment Policies and Unemployment Insurance, with the support of Michèle Baukens, and by Dominique La Salle and Magid Fathallah from the ISSA General Secretariat. They were peer reviewed by Uwe G. Becking from the IBM Cúram Research Institute. Commentary and other inputs were generously provided by Thomas Bender from the European Commission and by Azita Berar Awad, Valérie Schmitt, Céline Peyron Bista, Aidi Hu and Thibault Van Langenhove from the International Labour Office (ILO). The ISSA also thanks its members for useful comments and suggestions.

The elaboration of these Guidelines has been made possible by calling upon literature sources, the good practices of ISSA member organizations, and the ISSA's tool for measuring the adequacy of unemployment benefits. The ISSA sources are complementary to these present Guidelines, which together support the efforts of ISSA member organizations to improve their systems of unemployment protection. Such improvements can in part be measured using the ISSA's adequacy tool. A certain number of these Guidelines' objectives have been defined in relation to the parameters and indicators used by the ISSA to measure adequacy.

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